

No 16.9. ABC Revised

1940/6B

# NEW SOUTH WALES.

BUSINESS STATISTICS - 12th June, 1940.

Business conditions were disturbed little by the coal stoppage and only industries directly affected suffered severe contraction.

War developments depressed equity investments but the bond market reacted only slightly. The £20 million War Loan was fully subscribed.

## C O N T E N T S.

PART I	SEASON - May rains below average. Rain needed.
	EXPORT PRICES and ) Export prices steady. War
	EXTERNAL TRADE CONDITIONS -) developments and trade prospects. Conditions in U.K.
	CURRENCY RELATIONSHIPS - Currency agreement with Belgium. British Exchange control intensified.
	WOOL - Australian realisations to May 31, 1940. Continental markets lost. South African sales. Conditions in U.S.A.
	WHEAT - Decline in oversea futures. 1940 harvest prospects. Local market dull. Prices unchanged.
	BUTTER - Production low. Local sales quota, June, 1940. Production of N.S.W. factories, April and Jan.-Apr., 1940.
	METALS - Tin and silver dearer in London. Tin production quota, September quarter, 1940.
PART II	BANK CLEARINGS - Sydney - May and Jan.-May, 1940.
	STOCK EXCHANGE - Sydney - May, 1940.
	REAL ESTATE, N.S.W. - Sales and Mortgages. - May and Jan.-May, 1940.
	INTEREST RATES - Mortgages - March-May, 1940.
	- Bonds - May-June, 1940.
	OVERSEA TRADE, N.S.W. - April and July-Apr., 1939-40.
PART III	BUILDINGS COMMENCED - Metrop. Water - May and Jan.-May, 1940.
	Board Area -
	RAILWAYS - N.S.W. - Operating Results - April & July-Apr., 1940.
	TRAMS & BUSES - " " - April & July-Apr., 1940.
	COAL, N.S.W. - Employment and Coal moved - April & Jan.-April, 1940.
	IRON AND STEEL, N.S.W. - Production - April, 1940.



## PART I PRIMARY AND EXPORT INDUSTRIES.

SEASON. May rains were below average and rather poor over the greater part of the State. Dry weather has continued and general soaking rain is needed. Pastures are short and supplementary hand winter feeding will be necessary in some districts. Agricultural instructors report that though sown under generally satisfactory conditions wheat now needs rain to maintain growth. The area sown is believed to approach that of last season (4,393,000 acres).

EXPORT PRICES AND EXTERNAL TRADE CONDITIONS. The level of Australian export prices is maintained, and the decision not to revise the price of wool in 1940-41 under the British acquisition of the clip assures reasonable returns from our major export product. The index number (Commonwealth Bank) of Australian export prices in Australian currency (average 1927 = 100) at 81.5 is nearly equal to the average (83) for the good years 1935-36 to 1937-38.

Trading opportunities in Europe are now circumscribed due to war developments. Australian treatment of France as a sterling country will facilitate trade with our Ally. Italy's declaration, beside increasing ocean transport risks, means the loss to Australia of an export trade averaging £43.06 million a year in 1936-37 to 1938-39.

British war industries are working night and day seven days a week and are expanding rapidly. Efforts to increase home production of foods are being intensified. Sir S. Cripps has gone to Moscow as British ambassador and will seek a trade agreement with Russia.

In Britain prices of foods and textiles are steady but minerals and miscellaneous items have risen again. The index number (Economist) of wholesale prices for June 5 was 95.9 compared with 93.7 on May 1, 1940 and 69 on Aug. 23, 1939.

The British note circulation is now £569 m. compared with £497 m. in June and £518 m. in August, 1939 but financial circles regard the increase as neither inflationary nor indicative of hoarding, and as due mainly to the enlarged wages bill. After declining heavily (see Stock Exchange) stock prices in New York and London fluctuated about the lower level during the past week but again dropped sharply on Italy's declaration.

INTERNATIONAL CURRENCY RELATIONS. By agreement between Belgium, France and Britain the Belgian franc has been pegged at the same rate in exchange with sterling as the French franc.

On June 7 the British Government took measures to tighten control of foreign exchange, and similar measures are expected to be made throughout the sterling and franc areas. Sale in the United Kingdom of securities owned outside sterling and franc areas is prevented; payment for all exports to the United States and Switzerland is required in sterling at official rates or in the currencies of those countries, and for exports to other countries, by settlements in sterling through official channels at official rates. The effects will be drastically to curtail the size of the free market for sterling, to afford British exporters and oversea importers the benefit of a more stable rate of exchange, and to ensure more complete realisation for the Allies' war needs of the exchange earned abroad through current trade.

The sharp rise in the open market quotations of sterling and the franc in New York toward the end of last week was due to the new exchange control measures instituted by the British Treasury.

/RATES OF .....



## RATES OF EXCHANGE - BRITISH, FRENCH AND UNITED STATES CURRENCIES.

	Price of Gold (London)	London on New York.	London on Paris.	New York on London.	New York on Paris.
	Per oz. fine	£ to £stg.	Fr. to £stg.	£ to £stg.	£ to Fr.100
	£. s. d.	(Pegged from Sept.1939)		(Open Market)	
Average-1937	7 0 9	4.94	124.6	4.94	4.04
" -1938	7 2 6	4.89	170.6	4.89	2.88
Av. Aug. 1939	7 10 6	4.61	176.4	4.61	2.62
" Feb. 1940	8 8 0	4.03	176.6	3.96	2.25
" Apr., "	8 8 0	4.03	176.6	3.53	2.00
" May, "	8 8 0	4.03	176.6	3.28	1.85
May 25, 1940	8 8 0	4.03	176.6	3.20	1.82
June 1, "	8 8 0	4.03	176.6	3.22	1.83
8, "	8 8 0	4.03	176.6	3.72	2.11

WOOL. It has been stated officially that a change in price of wool acquired by the British Government will not be sought at present. This implies that the price (13.4375d. Aust. per lb. greasy) for the 1939-40 clip will apply to that of 1940-41.

The Central Wool Committee has revealed that up to May 31, 1940 wool appraised in Australia totalled 3,359,872 bales. The average price was 12.57d. for the Commonwealth and 12.64d. in New South Wales. Nearly £50 million had been paid to growers, exclusive of the 10 per cent. retention money which will be distributed as soon as possible after close of the season. There will also be a substantial dividend to be paid representing the difference between the appraised and agreed prices. About 190,000 bales are to be appraised in June, beginning in Sydney on June 18.

Australian manufacturers have bought 293,145 bales of wool valued at almost £5 million, at an average price of 13.371d. per lb.

Italy's entry into the war and Germany's possession of Belgium and Northern France means that the Continent is virtually closed to world trade in wool.

The bulk of the wool offered at South African sales in the week ended June 1 was withheld and subsequently bought at valuation by Britain.

The New York tops market has shown some recovery. It is expected that American mills will secure orders for military cloth from France, and have increased opportunities for export to South America.

The agreed average price for wool under the British purchase of 13.4375d. (Aust.) per lb. compares with 10.2d. per lb. in the market a year ago, and with averages in recent seasons as under:-

## AVERAGE PRICE OF GREASY WOOL IN SYDNEY.

	<u>1926-29.</u>	<u>1931-33.</u>	<u>1937.</u>	<u>1938.</u>	<u>1939.</u>	<u>June 9,</u> <u>1939.</u>	<u>1940.</u>
per (Aust.) p. lb.	17.2	8.5	16.4	12.7	10.3	10.2	13.4

(a) Agreed price for 1939-40 clip; subject to addition of one-half profit on re-sale of wool outside U.K.

/WHEAT.....



## PART I. (Continued.)

WHEAT. During the past fortnight wheat futures in Chicago and Winnipeg have fluctuated downward and on June 8 were very little above the pegged minima at which they were fixed in Chicago on May 18. The war is the dominating factor; important potential buyers have disappeared and with them prospects of absorption of the heavy surplus overburdening the market.

Need of rain in Europe, and in Saskatchewan and fears of rust in the United States have virtually been ignored by wheat traders. The latest estimate for American winter wheat (489 m.b.) is nearly 100 m.b. greater than the preliminary forecast.

The mouse plague in New South Wales has not developed to the extent feared and is abating.

The local wheat market has been very quiet and no important export sales have been disclosed. The Wheat Board's prices are unchanged. These are, per bushel, f.o.r., shipping port, 4s.3d. for bagged wheat and 4s. for bulk wheat for local flour and small export orders. The export flour trade was practically at a standstill.

Flour sold in local trade is unchanged at £12.10s. a ton (including tax.)

## PRICES OF WHEAT IN NEW SOUTH WALES.

<u>Bulk Wheat.</u>	Season ended Nov.			May.		June 11, 1940
	1931-35.	1937.	1939.	1939.	1940.	
	Shillings and pence per bushel.					
Ex trucks, Sydney	2 9½	5 3	2 5	2 7	4 0(b)	4 0(b)
Equivalent, ex farm at country siding(a)	2 2½	4 8	1 9½	1 11½	(c)	(c)

(a) Exclusive of bounty. (b) Prices for sale for local consumption

(c) The first advance gave farmers about 2s.1d. (net) a bushel.

A further substantial payment may accrue if the unsold wheat is sold satisfactorily.

BUTTER. Butter production is still declining seasonally and is at a low level in New South Wales. In Australia as a whole the output is relatively high for the time of the year so that the quantity available for export is greater than in three of the past four years. Quotas for June compare as follows:-

Proportion of butter made permitted to be sold within Australia.

	<u>1934.</u>	<u>1935.</u>	<u>1936.</u>	<u>1937.</u>	<u>1938.</u>	<u>1939.</u>	<u>1940.</u>
Month of June. %.	45	68	87½	81	93	60	69

Only in 1938 of years since 1927 was factory production of butter in New South Wales as low in April as in 1940. In the ten months ended April, 1940 butter factories made 99.65 million lb; this was 14.56 million lb. below the average for those months of 1931-32 to 1935-36 though 4 million lb. more than in July-Apr., 1938-39.

## PRODUCTION OF BUTTER IN NEW SOUTH WALES FACTORIES.

	1936.	1937.	1938.	1939.	1940.
	Million lb.				
Month of April	11.14	10.37	9.09	11.88	9.16
Ten months ended Apr.	105.40	91.74	103.96	95.64	99.65



PART I. (Continued.)

The local wholesale price of butter is 158s.8d. per cwt.

In Britain the price of cheese (first hand) from Empire countries has now been fixed at 85s. (stg.) per cwt. Standstill prices fixed in November last were from 73s. for Australian up to 78s. for Canadian. A statutory order prohibits any indication of the quality or origin of butter retailed in the United Kingdom.

Prices of butter compare as follows:-

PRICES OF BUTTER - EXPORT AND LOCAL.

	<u>Average - Seasons ended June.</u>				<u>At June 10.</u>	
	1929-32.	1933-36.	1937-39.	1939.	1939.	1940.
	Shillings (Aust.) per cwt.					
Export Parity	135	88	122	123	129	137(a)
Local Sales.	173	134	150	159	159	159

(a) Agreed price for British purchase, 1939-40.

METALS. There has been no change in the British Ministry of Supply maximum prices for electrolytic copper (£62), lead, (£25) and spelter (£25 15s.) (sterling per ton.)

The Open market price of tin in London has risen to £stg. 277 5s. per ton, although the production quota for September quarter has been raised by the International Tin Committee to 100 per cent. of standard tonnages, and there was an increase of about 10 per cent. in world visible supplies of tin during May, 1940.

American demand has strengthened the market for tin.

Silver has also been rising in price and remained above 1s. 11d. (stg.) per oz. during the past week.

PRICES OF TIN AND SILVER - LONDON. (English Currency.)

	<u>Aug.,</u> <u>1939.</u>	<u>Mar.,</u> <u>1940.</u>	<u>Apr.,</u> <u>1940.</u>	<u>May,</u> <u>1940.</u>	<u>June 7,</u> <u>1940.</u>
	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.
Silver (oz)	1.5.7	1 8.8	1 8.7	1 9.9	1 11.4
Tin (ton)	229 18 9	251 17 6	252 5 1	264 5 9	277 5 0



## PART II. FINANCE AND TRADE.

BANK CLEARINGS. The amount of inter-bank clearings in Sydney in May, 1940 (£90.2 million) was a record for May, and in the five months ended May was 15.6 per cent. greater in 1940 than in 1939. Greater wool payments and the wheat advance have helped to swell the total in recent months and industry and trade have been stimulated by war activities and the increase in employment promoted thereby.

The index number of bank clearings for the three months ended May (average 1926-30 = 100) was 111, equalling the record level of Feb.-Apr., 1940 and surpassing the index number for March-May, 1939 by 11 per cent. The index does not measure the expansion but does indicate a substantial increase in the volume of business financed through bank accounts.

### INTER-BANK CLEARINGS - SYDNEY.

<u>Amount.</u> (a)		<u>Index Numbers.</u> (b)
<u>Month of</u> <u>May.</u>	<u>Five Months</u> <u>ended May.</u>	<u>March-May.</u> <u>1926-30 = 100.</u>
£ million.		
1929	89.7	443.5
1932	46.1	226.3
1937	76.1	388.0
1938	82.9	384.3
1939	82.0	375.2
1940	90.2	433.8
		104
		67 (1933)
		100
		103
		100
		111

(a) Excluding Treasury bill transactions.

(b) The index is adjusted to eliminate the effects of bank amalgamations and special governmental transactions but not of changes in price levels.

STOCK EXCHANGE. In Sydney (as in London and New York) prices of company shares have fallen since invasion of the Low Countries by Germany. Between May 9 and June 5, 1940 indexes of industrial share values fell roughly 20 per cent. in London, 24 per cent. in New York and 13 per cent. in Sydney (S.E. Research Bureau index).

The index number of the average value of ordinary company shares in Sydney in May, 1940 was 168 compared with 173 in April, 182 in January, 1940 and 175 in May, 1939. Shares in all major types of enterprise show declines from the highest general average of the war months (Jan., 1940) - greatest in public utility, retail trade, and manufacturing company shares and least in pastoral enterprises. The latter alone showed an increase compared with values in May, 1939 though prices of shares in manufacturing and insurance companies were only slightly below those of a year ago. Percentage decreases were as follow:-

### DECREASE IN VALUE IN ORDINARY COMPANY SHARES - SYDNEY.

	Manufac- turing.	Retail Trade.	Public Utilities.	Pastoral & Finance.	Insur- ance.
	%	%	%	%	%
May '39 to May '40	1.2	8.2	5.8	+ 13.0x	0.5
Mar. '40 to May '40	8.2	8.3	9.2	2.7	5.7

x Increase.

There has been no inordinate pressure to sell, but few investors have sought equity securities. At the same time the bond market eased only slightly. The course of ordinary share values in Sydney in recent years is illustrated as follow:-

/INDEX OF.....



## PART II. (Continued.)

INDEX OF VALUE OF ORDINARY COMPANY SHARES - SYDNEY STOCK EXCHANGE.  
(Excluding Banks) Par Value = 100.

Average for Month.	Shares in Companies engaged in -					Total 75 Companies.	34 Active Shares.
	Manu- facturing and Dis- tributing.	Retail Trade.	Public Utili- ties.	Pastoral and Finance.	Insur- ance.		
1929-Apr. (a)	179	180	129	174	224	174	173
1931-Sept (b)	72	60	88	75	121	74	77
1937-Mar. (c)	214	204	181	169	281	190	200
1939-May	213	174	164	114	256	175	184
-Aug.	213	168	156	118	264	174	185
1940-Jan.	219	174	152	132	270	182	195
Apr.	217	166	137	133	261	173	187
May.	210	160	138	128	254	168	182

(a) Pre-depression peak. (b) Lowest point. (c) Highest point.

REAL ESTATE. Sales of real estate registered in May, 1940 (£2,909,000) were well above the average of earlier war months though slightly less than in May, 1939. Apparently buying of property for investment purposes (particularly of flats, cottages and small shops) is the feature of the market, which shows a tendency to harden.

Totals for recent months suggest a check to the decline in sales which began in 1938-39 and was accentuated by the war:-

Sept.   Oct.   Nov.   Dec.   Jan.   Feb.   Mar.   Apr.   May.

Considerations of Sales Registered - £ million.

1937-38	2.66	3.08	3.48	3.58	2.38	3.28	3.28	2.77	3.99
1938-39	3.08	3.11	2.67	2.80	2.45	2.44	3.62	2.24	3.09
1939-40	2.93	2.33	2.38	2.07	1.88	2.52	2.46	2.39	2.91

In the five months ended May, 1940 total sales (£12.17m.) were 12 and 22½ per cent. below the value in the corresponding months of 1939 and 1938, respectively. In the first five months of the war sales decreased 18 per cent. in comparison with a year earlier. Attenuation of loans through co-operative building societies is a substantial factor in the decrease in the value of mortgages registered shown in the appended table.

## REAL ESTATE TRANSACTIONS - NEW SOUTH WALES. (Contd.)

	Month of May.		Five Months ended May.	
	Sales.	Mortgages. (a)	Sales.	Mortgages. (a)
Aver. 1925-29 (b)	(4,619)	(4,042)	(23,095)	(20,210)
1937	2,716	1,850	14,050	9,140
1938	3,989	2,727	15,707	10,761
1939	3,090	2,112	13,845	9,794
1940	2,909	1,449	12,173	7,603

(a) Normal renewal of mortgages included in 1925-29. Renewals were rendered unnecessary in many cases by the Moratorium Act, 1930.

(b) Monthly and five months averages.

INTEREST RATES - MORTGAGES. Indications that mortgage rates of interest were beginning to move in consonance with the decline in interest rates generally were strengthened by averages for the month of May, 1940 which were lowest of the war months. The movements over recent three-monthly periods were:-

/PRIVATE.....



## PRIVATE FIRST MORTGAGES, NEW SOUTH WALES.

Weighted Average Rate of Interest - Three months ended -

	<u>1939.</u> Oct.	Nov.	Dec.	<u>1940.</u> Jan.	Feb.	Mar.	Apr.	May.
Rural Mortgages % p.a.	5.3	5.4	5.5	5.5	5.4	5.4	5.2	5.0
Urban " % p.a.	5.6	5.7	5.8	5.8	5.7	5.7	5.7	5.7

On rural mortgages the average rate is now as low as at any time in the last three years and only 0.2 per cent. above the average rate in 1935. Interest charged on urban mortgages has declined only slightly. On mortgages registered in the three months ended May, 1940 the average rate was higher than in any recent year and one-half per cent. above the average rate in the year 1935.

## AVERAGE RATES OF INTEREST ON PRIVATE FIRST MORTGAGES, N.S.W.

	Average - Calendar Year.						Mar.-May.	
	1934.	1935.	1936.	1937.	1938.	1939.	1939.	1940.
	Weighted Average Rate - per cent. per annum.							
Rural Mortgages	5.1	4.8	4.9	5.0	5.0	5.2	5.0	5.0
Urban Mortgages.	5.3	5.2	5.2	5.3	5.4	5.6	5.6	5.7

INTEREST RATES - GOVERNMENT SECURITIES. Reactions to Germany's Western offensive interrupted the progressive strengthening of the bond market during the earlier war months, without bringing much increase in yields. From the low point of £3. 6s. 1d. per cent. on May 9 the net redemption interest yield on bonds of five or more years maturity rose to £3. 7s. 8d. per cent. on May 30. In June, however, notwithstanding the issue of the War Loan, bonds firmed again, partly it is believed, as a result of official support.

The first Commonwealth all-War Loan (£20 million) was open for subscription on May 29, 1940. It was offered for 5 years at  $2\frac{3}{4}$  per cent. or 10-16 years at  $3\frac{1}{4}$  per cent. at par. These rates of interest are 12s. 6d. and 7s. 6d. per cent. respectively, lower than those offered for the £18m. Works and Defence Loan of March, 1940. The loan closed fully subscribed on June 8, 1940.

In addition the Commonwealth has received to June 8 loans free of interest for the duration of the war totalling £2,110,000 and gifts amounting to £153,000. War Savings Certificates to the face value of £2,218,000 were purchased in Australia up to June 8, 1940 including £878,000 in New South Wales.

## NET REDEMPTION YIELD ON AUSTRALIAN CONSOLIDATED LOANS.

	With Maturities of -			
	Over 5 to 10 years.	Over 10 to 15 years.	Over 15 Years.	Over 5 years. (Overall rate).
	Average Net Redemption Yield - Per cent. per annum			
	£. s. d.	£. s. d.	£. s. d.	£. s. d.
Aver.-1935	3 9 7	3 10 1	3 13 9	3 11 1
-1938	3 14 5	3 15 0	3 15 10	3 15 0
-Jan.-June, '39.	3 17 9	3 18 4	3 18 4	3 18 1
-Sept., 1939	4 1 0	4 1 1	4 1 9	4 1 3
-April, 1940	3 5 10	3 7 6	3 9 5	3 7 5
-May, "	3 5 1	3 6 5	3 8 11	3 6 9
May 30, 1940	3 5 9	3 8 3	3 9 6	3 7 8
June 6, "	3 5 7	3 8 0	3 8 6	3 7 3



PART II. (Continued.)

OVERSEA TRADE - NEW SOUTH WALES. Trade has expanded during the war months. Exports are likely to continue at a high level, but as import restrictions become effective the recent marked increase in ordinary imports may be reversed.

OVERSEA TRADE - MERCHANDISE ONLY - NEW SOUTH WALES.

	July-Dec.		Jan.-April.		April.		July-April.	
	Imports.	Exports.	Imports.	Exports.	Imports.	Exports.	Imports.	Exports.
1938-39 £Am.	27.7	19.4	17.7	12.1	3.8	2.4	45.4	31.5
1939-40 £Am.	26.0	21.2	27.1	21.9	6.7	5.8	53.0	43.1
Increase + Decrease -	%							
	-6.4	+9.3	+53.1	+81.0	+76.3	+141.7	+16.7	+36.8

The increase in the value of exports was due to higher prices and heavier shipments of most primary products. A significant item was iron and steel which contributed £A 3.3m. of the increase of £A 11.6m. for the ten months ended April, 1940 compared with July-April, 1938-39.

OVERSEA EXPORTS FROM NEW SOUTH WALES. TEN MONTHS ENDED APRIL.

Item.	1938-39.	1939-40.	Item.	1938-39.	1939-40.
	£A000	£A000		£A000	£A000
Butter & Cheese	1048	1896	Leather	257	549
Eggs	205	195	Tallow	134	266
Milk, Cream &c.	193	217	Coal	270	226
Wheat & Flour.	2803	3068	Pig Lead	1039	1553
Beef, Mutton & Lamb.	1091	2293	Tin	299	218
Other Meat	322	526	Iron & Steel	1216	4523
Wool	15688	19392	Timber	300	217
Hides & Skins	1391	1408	Fruit (Fresh, Dried &c.)	345	360

Imports of practically all classes of goods were higher in value than in 1938-39. Machinery declined a little, but textiles, jute goods, oils, metals and metal manufactures (including vehicles), paper, and drugs, chemicals etc. showed large increases.

OVERSEA IMPORTS INTO NEW SOUTH WALES. TEN MONTHS ENDED APRIL.

	1938-39.	1939-40.		1938-39.	1939-40.
	£stg.000			£stg.000	
Fish	520	495	Yarns	355	518
Tea, Coffee, Cocoa	1286	1532	Oils	2202	3018
Tobacco	950	1101	Machinery	5648	5365
Apparel	619	657	Metals & Manfrs.	5588	6731
Floor Coverings	534	636	(vehicles & Parts)	(2613)	(3695)
Other Textiles	4026	5493	Rubber	581	763
Bags, Sacks &c.	486	1100	Paper	1504	2144
Drugs, Chemicals &c.	1666	1911	Whisky	398	642

Increased prices, imports of capital goods to expand war industries, and of oils, rubber, paper, etc. to augment reserve supplies were factors in the increased value of imports. A considerable sum was involved also for military equipment (motor vehicles, aircraft, etc.)

Supplementing the specific restrictions imposed in December 1939 and at the end of March, 1940, use is being made of the tariff in a limited number of cases to restrict imports from non-sterling countries. In a schedule of 38 items resolved on May 22 increased duties were fixed on dates, gum chical and wristlet watch movements.

On May 29 it was announced that France is now to be treated as a sterling country for trade purposes.

/The following .....



PART II. (Continued.)

The following comparisons show that in value exports and imports were at a record level in April, while exports approached, and imports slightly exceeded the highest totals recorded for the ten months ended April.

OVERSEA TRADE - MERCHANDISE ONLY - NEW SOUTH WALES.

	April.		Ten Months ended April.			
	Exports.	Imports.	Exports.	Imports.	Exports.	Imports.
	£A million.		£A million.		Index Numbers.	
1929	3.39	5.22	43.58	52.90	100.0	100.0
1932	2.25	2.00	27.78	18.99	63.7	35.9
1937	5.13	4.35	44.61	40.48	102.4	76.5
1938	4.14	4.79	37.08	51.00	85.1	96.4
1939	2.36	3.77	31.48	45.42	72.2	85.9
1940	5.79	6.71	43.14	53.04	99.0	100.3



BUILDING INDUSTRY.Buildings Commenced - Metropolitan Water Board Area.

(Note: Figures cover all Government and private buildings about to be commenced, i.e., for which water fees were paid in the month shown.)

Buildings commenced in May (£1.3lm.) and Jan.-May (£4,57 m.) were highest for the month and period of recent years, but some unusual big jobs were included, and a clear general trend is not apparent.

Features of recent activity are:- a marked decrease in city buildings; relatively high totals for houses and flats; some falling off of shops, etc., and a record value for miscellaneous buildings.

Houses commenced in May numbered 583 in 1940 and 674 in 1939 and in the five months ended May, 2892 and 2961, respectively.

Buildings commenced in May, 1940 in the Metropolitan Water Board Area were valued at £1,309,000. This was the highest total for May of any recent year and £89,000 greater than in May, 1939. It was swollen by inclusion of extensions to Rachel Forster (£72,000) and Royal Prince Alfred (£190,000) Hospitals. Defence buildings were also a factor.

Recent monthly totals show marked variation. The aggregate for the nine months of the war was slightly greater than in Sept.-May, 1938-39 and 6.4 per cent. less than in the corresponding period of 1937-38. No clear trend is disclosed, but large non-recurrent jobs have been an influence in maintaining the high level.

	<u>Sept.-</u> <u>Nov.</u>	<u>Dec.</u>	<u>Jan.</u>	<u>Feb.</u>	<u>Mar.</u>	<u>Apr.</u>	<u>May.</u>	<u>Total</u> <u>Sept-May.</u>
--	------------------------------	-------------	-------------	-------------	-------------	-------------	-------------	----------------------------------

Value of Buildings Commenced - £000.

1937-38	3,168	1,055	1,168	919	974	1057	1186	9,527
1938-39	2,807	788	949	1053	1074	994	1220	8,885
1939-40	2,815	555	1,371	887	795	1187	1309	8,919

The figures for the city show a decline, although the G.P.O. extensions in January and the R.P.A. Hospital building in May amounted to £601,000. Thus there has been a heavy fall in private building activity in the city. In the suburbs and extra-metropolitan areas the value of buildings commenced in May and the five months ended May was greater than in any recent year. Defence buildings and factory buildings for the expansion of war industries contributed to this result, but it is not yet possible to state precisely the magnitude of the government construction.

VALUE OF BUILDINGS COMMENCED - METROPOLITAN WATER BOARD AREA.

	City of Sydney.			Suburbs - Extra-Metropolitan.		
	May.	Jan.- May.	Sept- May.	May.	Jan.- May.	Sept- May.
	£000	£000	£000	£000	£000	£000
1937-38	199	948	1747	987	4356	7780
1938-39	364	1136	1498	856	4154	7387
1939-40	260a	982ac	1335ac	1049b	4567b	7584b

Including hospitals (a) £190,000, (b) £72,000; (c) G.P.O. Extensions, £411,000.

/A dissection.....



PART III. (Continued.)

A dissection of the total for the nine months ended May shows that the values for houses and flats were much the same this year as in 1938-39; there was a decrease of 7.7 per cent. for factories, shops, offices etc. and an increase of 54 per cent. for churches, theatres, hospitals, schools, etc. The figures are:-

	<u>Houses.</u>	<u>Flats.</u>	<u>Business Premises.</u>	<u>Miscellaneous.</u>	<u>Total.</u>
<u>Sept.-May -</u>	Value of Buildings Commenced - £000.				
1938-39	4,333	1,458	2,453	641	8,885
1939-40	4,319	1,350	2,263	987	8,919

Particulars for the five months ended May of each of the last five years are appended. Though fewer in number houses commenced were higher in value than in 1939; more money was involved for flats; business premises declined a little (principally due to the falling off of city offices, etc.) and there was a marked increase for miscellaneous buildings. Figures for May, 1940 show somewhat similar movements compared with a year ago.

BUILDINGS COMMENCED - METROPOLITAN WATER BOARD AREA.  
(Including Government buildings and alterations and additions.)

Type of Dwelling.	May.		Five Months ended May.				
	1939.	1940.	1936.	1937.	1938.	1939.	1940
	Value in Thousands of Pounds.						
Dwelling Houses	538	492	1546	1516	2320	2377	2435
Flats	170	207	649	666	1120	810	926
Business Premises(a)	356	239	1261	1356	1579	1606	1473
Miscellaneous(b)	156	371	216	457	285	497	715
Total	1220	1309	3672	3995	5304	5290	5549

(a) Shops, Factories, Offices, etc. (b) Theatres, churches, hospitals, schools, etc.

Houses and flats are being built for investment security but ordinary housebuilding has decreased, partly due to approaching exhaustion of building societies' loanable funds and higher costs of building. The State Government is continuing to guarantee advances to societies by institutions but war finance will probably render extensive accommodation to societies impracticable. Expansion of war industries has kept factory buildings at a relatively high level. The turnover of existing factories from peace-time to war industries will obviate provision of new premises in some cases.

ELLINGS. New dwelling houses (not flats) commenced in this area in May numbered 583 in 1940, 674 in 1939 and 668 in 1938. In the five months ended May 1940 there were 2892 houses commenced. This was 69 less and 65 more than in the corresponding periods of 1939 and 1938, respectively. More houses have been undertaken without organised financial aid and this has offset the decrease in housebuilding through building societies. Trends in the building of houses in the Water Board Area are illustrated as under:-

NUMBER OF DWELLING HOUSES COMMENCED - METROPOLITAN WATER BOARD AREA.  
(Not including flats.)

	March. Qr.	June. Qr.	Sept. Qr.	Dec. Qr.	Calendar. Year.	Five Months ended May.	Nine Months ended May.
1935	941	912	1125	1065	4043	1559	2524
1936	1273	1251	1668	1195	5387	2080	3509
1937	1152	1212	1618	1592	5574	1995	3785
1938	1627	1857	2120	1853	7457	2827	5015
1939	1859	1785	2034	1663	7341	2961	5457
1940	1740	-	-	-	-	2892	5172

RAILWAYS, N.S.W. Revenue and traffic were affected adversely due to the stoppage in collieries from March 11 to May 17, 1940. After increasing in comparison with a year earlier in each month from September to March, the gross working surplus in April decreased from £465,000 in 1939 to £91,000 in 1940.

In the ten months ended April, 1940 in comparison with the corresponding period of 1938-39 there were increases in revenue of £1,144,000, in working expenses of £165,000 and in gross surplus of £978,000. The surplus, however, was £250,000 less than in July-April, 1937-38.

The recent regression in results is clearly an incidental interruption of the earlier improvement brought by increased fares and freight rates (from Mar. 1, 1939) and heavier goods traffic as a result of greater primary production and the stimulation of industry and trade by the war effort. Statistical comparisons are:-

#### NEW SOUTH WALES GOVERNMENT RAILWAYS.

	Month of April.			Ten Months ended April.		
	Passenger Journeys.	Goods Ton Mileage.	Working Surplus.%	Passenger Journeys.	Goods Ton Mileage.	Working Surplus.%
	millions.	millions.	£000.	Millions.	Millions.	£000.
1932	11.0	136	317	105.6	1284	2614
1937	14.7	151	507	147.0	1502	5077
1938	16.5	154	531	156.8	1607	5438
1939	15.1	138	465	156.3	1508	4210
1940	15.0	116	91	149.3	1633	5188

✓ Excess of earnings over working expenses, exclusive of interest, etc. charges, amounting in 1938-39 to £6,575,000.

ROAD TRANSPORT SERVICES. Curtailment of tram services during the coal strike and the occurrence of the Easter holidays in March caused a decrease in tram and bus passengers and in gross earnings in April, 1940. The working surplus (£48,600) was 28 and 42½ per cent. less than one and two years earlier.

Prior to April the financial results of these services were improving; earnings (for 9 months) were 3.3 per cent. higher, due to an increase of 5,358,000 passengers and the gross working surplus was £58,000 greater than in 1938-39. In the ten months ended April, 1940 compared with 1939 there were increases in receipts equal to 2.7 per cent. and in working expenses of 1.9 per cent. This year the excess of earnings over working expenses was £606,500 compared with £568,100 last year and £680,800 in July-April, 1937-38.

Normal services have been resumed and results may improve again as employment increases owing to expansion of war production.

#### GOVERNMENT TRAMWAY AND OMNIBUS SERVICES - SYDNEY AND NEWCASTLE.

	Month of April.				Ten Months ended April.			
	Earnings.	Working Expenses.	Working Surplus.%	Passengers.	Earnings.	Working Expenses.	Working Surplus.%	Passengers.
	£000	£000	£000	Mill.	£000	£000	£000	Mill.
1938	385.8	301.3	84.5	33.3	3591	2910	681	310
1939	373.4	305.6	67.8	31.6	3642	3074	568	312
1940	362.5	313.9	48.6	30.9	3739	3133	606	317

✓ Excess of earnings over working expenses, exclusive of interest, sinking fund, depreciation and exchange, amounting in 1938-39 to £646,000.

/COAL.....



PART III. (Continued.)

COAL. Practically all collieries in New South Wales were idle from March 11 to May 17, 1940 owing to an industrial dispute. In consequence, the quantity of coal moved by rail and sea during April, 1940 has little comparative significance. Particulars of employment in collieries during the strike are nominal. Prior to the stoppage the number of men employed in collieries was about 15 per cent. greater than three years earlier, but still 33 per cent. below the average number in 1927 although production had regained the pre-depression average.

It is possible that some miners have found employment at Glen Davis where the mining of oil shale has commenced. The Glen Davis Works are expected to be in full production within about three months.

COAL MINING INDUSTRY - NEW SOUTH WALES.

	Coal Hauled on Govt. Railways.		Coal Shipped by Sea beyond N.S.W.		Coal Raised(a)	Men Employed in Collieries.(b)
	April.	Jan.-Apr.	April.	Jan.-Apr.	Calendar Year.	April.
	000 tons.		000 tons.		000 tons.	Number.
1928	427	1,999	Not available.		9448	21,700(c)
1932	378	1,460	191	753	6784	14,100(c)
1937	619	2,315	293	1012	10052	14,200
1938	612	2,477	275	1102	9571	15,500
1939	592	2,693	252	1146	11196	16,500
1940(d)	47	1,366	42	645	-	16,500

(a) Average 1923-27; 11,100,000 tons. (b) Average number employed 1927; 24,500. (c) Yearly average. (d) Approximate, also affected by industrial dispute.

IRON AND STEEL. Due to the coal strike all normal production at the iron and steel works at Newcastle and Port Kembla was suspended. Opportunity was taken of the period of idleness to recondition plant and it is understood that the works are now again in full production.

This industry is of supreme importance to the nation's war effort. In the ten months ended April it was able to export iron and steel (mainly to the United Kingdom and New Zealand) valued at £4.5m. in addition to providing the requirements of rapidly expanding Australian war industries. In order to safeguard supplies for the Empire's needs, a proclamation preventing the export of iron and steel from Australia except under license was made under the Customs Act on May 1, 1940.

INDEXES OF PRODUCTION OF IRON AND STEEL, NEW SOUTH WALES.

	<u>Pig Iron.</u>	<u>Ingot Steel.</u>
	Index numbers.	
Monthly average - Year 1928-29	100	100
- " 1937-38	202	268
- " 1938-39	240	270
Month of April - 1939	248	280
" " February, 1940	295	354
" " March, "	221	279
" " April, "	95	60